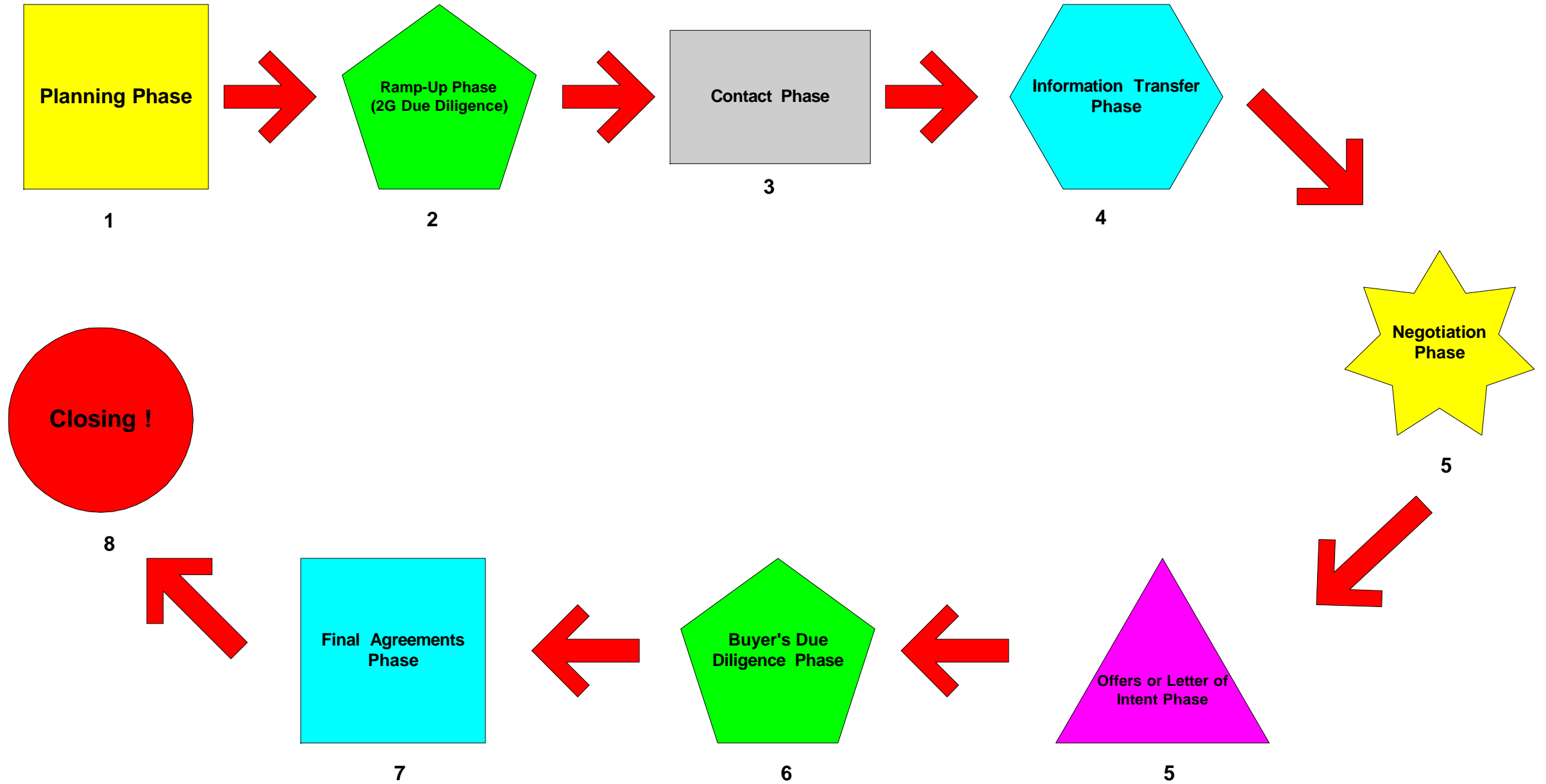


Outline of a Merger & Acquisition Engagement



Outline of An Engagement – Mergers & Acquisitions

Planning Phase

- Meet w/ principals & determine why a transaction is being considered
- Develop clear understanding of overall strategy of the proposed transaction
- Determine key points – pricing, terms, timing, protected individuals, etc.

- ◆ Enter into definitive agreement with retainer after price and target/strategy is agreed between 2ndG and the client.

- Identify targets or learn more about proposed parties to the transaction
- Identify roles and players in the negotiations to come – who are decision-makers, professionals that will be consulted, other advisors, other players with a stake, etc.
- Identify basic strategy – who will be approached, how, by when, etc.

Ramp-Up Phase

- Learn about the client company – 2ndG’s own due diligence process
- Prepare marketing documents based on this investigation
- Prepare company management and staff for the negotiation and due diligence processes (includes training, planning, assignments, role-play, etc.)
- Develop market understanding – research players, transactions, valuations, etc. and provide client with overall perspective on values, structure, tax issues, etc.
- Perform formal valuation exercise, if necessary
- Develop agreed valuation targets and/or critical elements of the structure that are important to the client

Contact Phase

- Approach proposed parties
- Secure appropriate non-disclosure & non-compete agreements
- Develop awareness of and access to key decision-makers on the other side
- Try to discover as much as possible about motivations of the other side – test “fit” with each prospect
- Develop schedule with other side
- Develop agreed “rules” for negotiations – types of contacts, timing, etc.

Information Transfer Phase

- Provide information for initial due diligence to interested parties
- Iterative Process – goal is to allow targets to gain understanding about specifics of this transaction – Q&A, initial visits, coordination of follow-up info transfers, explanatory calls, etc.
- Determine market “hot points” & re-spin info provided as necessary to better communicate situational specifics
- Begin to isolate truly interested parties & potential negotiation issues

Negotiation Phase

- Determine key negotiation points
- Develop strategies and counter-strategies for negotiations
- Develop trade-off and non-negotiable categories for issues
- Manage “bid” process if multiple interested parties – set bid criteria, timeline
- Conduct negotiations with other side – shielding client principals if possible
- Explain various potential scenarios to client decision-making group – participate in internal negotiations to clarify positions, if necessary
- Coordinate efforts of legal and financial advisors to extent they are involved in negotiations
- Press for clarification of issues & commitment to a letter of intent

Letter of Intent Phase

- Assist in development of appropriate language for letter of intent once parties have basic accord
- Offer advice respecting structural considerations raised during the LOI phase – timeframe, earnest money, break-up fee, etc.
- Review and edit if LOI proposed by other side
- Coordinate review of LOI by other professionals engaged by client
- Assist in final negotiation of LOI issues after drafts reviewed

Due Diligence Phase

- Concurrently with preparation of the final agreements, assist client in due diligence activity
- Coordinate activity of client staff and professionals in preparing, tracking and documenting responses to due diligence questions from other side
- Review responses and discuss problem areas with client and professional advisors
- Act as a buffer between client staff and other side to prevent misunderstandings, etc.

Final Agreement Phase

- Coordinate efforts of various professionals involved in preparation and review of final agreements
- Assist in negotiation of reps & warranties and ancillary agreements (loan documents, non-compete agreements, etc.)
- Offer advice respecting structural considerations raised during contract phase
- Assist in final negotiations of points raised during the final contract phase
- Explain ramifications of document changes to client and client decision-making group
- Act as client advocate in pressing for schedules and completion of transaction